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December 27, 2012
TRC Solutions Project No. 192355

Mr. Gary Moore
U.S. EPA Region 6
1445 Ross Avenue, Suite 1200
Dallas, TX 75202-2733

**Re: Weekly Progress Report
Falcon Refinery Superfund Site
Ingleside, San Patricio County, Texas
TXD 086 278 058**

Dear Mr. Moore:

On behalf of Lazarus Texas Refinery I, LLC, (Lazarus), TRC Solutions (TRC) submits this Weekly Progress Report on the Removal Action Activities at the Falcon Refinery Federal Superfund Site to the United States Environmental Protection Agency for your review.

If you have any questions, comments, or concerns, please do not hesitate to contact me at (361) 522-1935.

Sincerely,
TRC

Alonzo G. Arredondo
Senior Geologist

Attachment: Weekly Progress Report
cc: Lazarus Texas Refinery I, LLC

WEEKLY PROGRESS REPORT - Falcon Refinery Federal Superfund Site, Ingleside, TX;

1. TASKS NECESSARY TO COMPLETE THE REMOVAL ACTION

<u>TASK</u>	<u>START</u>	<u>EST. COMP DATE</u>
Butane Tank This tank contains less than one gallon of sludge. The tank will be cleaned. The sludge will be disposed of appropriately and the tank will be inspected.	1/18/12	8/24/12 9/28/12
Tank 12 The damaged roof will be removed, Oil/sludge will be removed and disposed. The tank will be cleaned and repaired for temporary use to treat water from frac tanks, Tank 30 and Tank 26.	2/30/13	Completed 5/30/13
The floor in this tank will be repaired to meet API 653 code specifications.	3/15/13	9/30/12 3/28/13
The roof in this tank will be repaired to meet API 553 code specifications.	4/1/13	9/30/12 4/27/13
Remove contaminated soils from the soils underneath the tank should inspection reveal any deterioration or failure of the tank bottom allowing any materials to leak to those soils.	2/15/13	9/30/12 3/15/13
Tank 7 The damaged roof will be removed. Oil/sludge will be removed and disposed. The tank will be cleaned and inspected (API 653).	2/11/13	7/15/12 3/8/13
Remove contaminated soils from the soils underneath the tank should inspection reveal any deterioration or failure of the tank bottom allowing any materials to leak to those soils.	3/8/13	8/24/12 3/29/13
Tank 30 The damaged roof in this tank will be removed, oil/sludge will be removed and disposed of so the tank can be repaired to store treated water from Tank 16.	5/14/12	6/23/12 3/15/13
The floor in this tank will be repaired to meet API 653 code specifications.	4/22/13	9/30/12 5/20/13
Remove contaminated soils from the soils underneath the tank should inspection reveal any deterioration or failure of the tank bottom allowing any materials to leak to those soils.	3/22/13	9/24/12 4/12/13
Tank 26 Because of the poor integrity of this tank, all liquids in Tank 26 will be transferred to Tank 12 for treatment of water with a water treatment system and land applied in accordance with land disposal wastewater treatment criteria and additional criteria established by the TCEQ.	7/15/12	9/30/12 2/22/13
Removal and disposal of tank sludge.	2/22/13	9/14/12 3/22/13

Cleaning and replacement of tank floor.	4/3/13	9/24/12 4/26/13
Remove contaminated soils from the soils underneath the tank should inspection reveal any deterioration or failure of the tank bottom allowing any materials to leak to those soils.	3/29/13	3/29/13 5/10/13

Water Treatment System

A water treatment system capable of treating contaminated water to meet the land disposal restrictions and the criteria set up by TCEQ will be constructed with the appropriate irrigation field as approved by TCEQ. According to TCEQ, irrigation is only allowed from April 1 – August 30 (the growing season).	4/16/12	1/25/13
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2. PROJECT ACTIVITIES COMPLETED THIS REPORTING PERIOD (DECEMBER 17 - 21, 2012)

The following activities were conducted this week:

- Moved hoses/repairs pumps to prepare for boxes containing tank bottoms for transportation/disposal, and the prepare to transfer water from Tank 26 into Tank 12
- Acquired samples of liquids from Tank 26 to reassess the thickness and levels of oil, water, and sludge that remain in this Tank.
- Transported and disposed of approximately 45 cu yd. of demolition debris (fiberglass insulation) originating from the demolition of Tanks 24 and 20. The debris was contaminated with crude oily waste (K169) from historical leaks in the sidewall of Tank 20. The waste was disposed of at U.S. Ecology in Robstown, TX.
- Removed excess tank bottom oil from covered boxes and transferred it into Tank 30 to prepare the boxes for safe transportation/disposal at U.S. Ecology.
- Removed/treated a total of 9,650 bbl. of water/oil from Tank 26 and transferred it into Tank 12 to date.
- Lazarus revised and resubmitted waste agreement(s) to U.S. Ecology disposal facility in Robstown, TX, for the disposal of K169 hazardous waste (tank bottoms from Tank 12) at this disposal facility. Currently there are four boxes that contain tank bottoms from Tank 12 at the site.

3. ACTIVITIES PLANNED FOR NEXT WEEK (DECEMBER 24 – 28, 2012)

- The water samples collected from Tank 12 will be evaluated and modeled for treatment with carbon.
- Resume transferring water from Tank 26 into Tank 12.
- Evaluate the structural integrity / repair Tank 16.

- Lazarus will transport and dispose of waste in roll-off boxes that contain K169 hazardous waste (tank bottoms from Tank 12) currently at the site. The waste will be disposed of as approval is received from U.S. Ecology in Robstown, TX. Currently there are four boxes that contain tank bottoms from Tank 12 at the site.
- Continue general housekeeping activities at the site.

4. ACTIVITIES PLANNED FOR WEEK FOLLOWING (DECEMBER 31 – JANUARY 4, 2012)

- Resume transferring water from Tank 26 into Tank 12.
- Lazarus will transport and dispose of waste in roll-off boxes that contain K169 hazardous waste (tank bottoms from Tank 12) currently at the site. The waste will be disposed of as approval is received from U.S. Ecology in Robstown, TX. Currently there are four boxes that contain tank bottoms from Tank 12 at the site.
- Continue general housekeeping activities at the site.

5. ACTIVITIES PLANNED FOR WEEK FOLLOWING (JANUARY 7 - 11, 2012)

- Resume transferring water from Tank 26 into Tank 12.
- Continue general housekeeping activities at the site.

6. ISSUES ENCOUNTERED

- Oil in Tank 26 is excessive and suspended. The water in Tank 26 is requiring additional filtration.
- On September 4, 2012 TRC observed a group of contractors working for Superior Crude Gathering in the process of hydro-cutting a door into Tank 16 to facilitate the cleaning of the tank. On September 13, 2012 a group of contractors were removing tank sludge from Tank 16 using a super sucker truck. The rate of removal according to a site worker is approximately 25 cu yd./hour. The amount of sludge observed in the tank is from 10" to 1.5 ft. On September 25, 2012 contractors working for Superior Crude were observed removing tank bottoms from Tank 16. As of October 4, 2012, TRC discussed the status of the tank cleaning with Superior's contractor. There is approximately a 3 foot heel of sludge that remains about 12 feet from the back wall (east side) of this tank. On October 17, 2012 the floor and remaining tank bottom sludge was photographed. On October 26, 2012 Tank 16 was photographed to document the progress on power washing the tank. During the week of Oct. 29 – Nov. 2, 2012 the contractor removed the tank bottom sludge and power washed the tank. The contractor has stated that the Tank washing will be completed on Monday, Nov. 5, 2012. Photographs were taken that show the progress of the Tank cleaning. The power washing of Tank 16 was completed during the week of Nov. 5 - 9, 2012.

• STATUS OF TANK 16

At the completion of the power washing of Tank 16 by Superior Crude's contractor, Lazarus began sandblasting the floor to help evaluate the structural integrity of the floor. In the week of November 26 – 30, 2012 Lazarus worked to identify corrosion and holes in the floor of the Tank. Lazarus has patched small holes with fiberglass material and will also procure a contractor to evaluate the structural integrity of the floor in Tank 16 using Method API 653. At the completion of the inspection, the Tank Inspector will provide Lazarus with recommendations for the repair/modification to the floor that will allow Tank 16 to be placed into service.

Upon completion of the recommended repairs to the floor, Lazarus will use Tank 16 to store treated water that is currently being held in Tank 12. Lazarus will hold the treated water in Tank 16 until the floor of Tank 30 has been cleaned, inspected and repaired. Then water will be transferred from Tank 16 into Tank 30 for storage until it can be land applied for the propagation of native grasses.

- A spill occurred on June 28, 2012 when a driver operating a Superior Crude Gathering truck caused a rupture at the end of a pipeline. The line released crude petroleum product on the ground surface. The spill was photographed by TRC and was mitigated by Superior's site workers on June 28-29, 2012. Lazarus was notified approximately 15 minutes after the incident. Lazarus subsequently contacted the Texas Spill Center to notify the state agency of the release at the site. Mr. David Smith of the Corpus Christi District office of the Texas Railroad Commission arrived at the site on June 29, 2012. Mr. Smith documented the spill and provided a directive to Superior Crude Gathering Co to remediate the release. On June 29, 2012 Superior removed the free liquids from the surface and had stockpiled some of the affected soils into an area that was lined with plastic and surrounded with berms. Later that afternoon Superior continued to remove affected soil from a ditch located west of the Tank 15 berm. On July 13, 2012 the site was inspected and photographed. The excavated material was moved to an area east of the green tanks used by Superior Crude Gathering Co. The soil is within a plastic lined soil berm. Additional soil was subsequently placed over the spill area.
- Lazarus sampled insulation in several areas north of Process Area #1 of the Falcon Refinery and identified asbestos in one area. Notification was provided to TDSHS on August 6, 2012 that remedial activities will be implemented (no less than 10 working days from initial notification). Access to the affected area has been restricted and the material has been contained. The asbestos containing material will be managed by a licensed asbestos abatement contractor and sent to a facility that has been approved to accept CERCLA waste.
- The sludge currently in Tank 30 is an asphaltic-based material. An extensive study by Lazarus has proven that the addition of an aromatic and kerosene component will reduce viscosity and enable the pumping/removal of the sludge material from the tank. Lazarus will postpone cleaning/shearing roof from Tank 30 due to the difficulty in removing sludge/residue from the roof material. Oil and water from Tanks 26 and 30 will be mixed in Tank 30 and passed through screens then collected and maintained in 500 bbl. above ground storage tanks. Shearing of the roof in Tank 30 will resume after liquids have been removed from Tank 30.

7. WORKERS ON-SITE THIS PERIOD

LAZARUS		
Christian Suscaita, Site Worker	Dec. 17 - 20, 2012	Sample Tank 26 and transfer oil/prepare boxes for transportation/disposal.
Francisco Javier Trujillo, Site Worker	Dec. 17 - 20, 2012	Sample Tank 26 and transfer oil/prepare boxes for transportation/disposal.
Jose Luis Galvan, Site Worker	Dec. 17 - 20, 2012	Sample Tank 26 and transfer oil/prepare boxes for transportation/disposal.
TRC Environmental Corporation		
Alonzo G. Arredondo, Senior Geologist	Dec. 17, 19 & 20, 2012	Inspection of site/manage fiberglass waste for transportation and disposal.